

Lila





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Financial Highlights

For the Year	1969	1968
Gross revenues	\$23,064,000	\$15,799,000
Income before extraordinary items <i>per share</i>	8,496,000 1.96	3,039,000 .70
Gain on disposal of investments <i>per share</i>	1,527,000 .35	3,753,000 .86
Net income <i>per share</i>	10,023,000 2.31	6,792,000 1.56
Amortization, depreciation	2,199,000	2,143,000
Exploration costs written off	507,000	470,000
Cash flow <i>per share</i>	12,729,000 2.93	9,405,000 2.17
Dividends paid <i>per share</i>	1,519,000 .35	1,301,000 .30
Capital expenditures	4,046,000	3,891,000
At the Year End		
Working capital	\$ 7,268,000	\$ 4,238,000
Shareholders' equity at book value	64,705,000	56,171,000
Unrealized appreciation on quoted investments	16,638,000	20,100,000

Directors' Report to PMC Shareholders

PMC closed the decade with its most successful year and a record of steady accomplishment. The rise in earnings was attributable to the higher copper price and increased copper production. The 1969 financial highlights are shown on page 1; the financial statements and the five year summary appear on pages 13 to 19.

The main interests are described on pages 3 to 11. Of particular importance are the improved performance and planned copper production expansion at Copper Rand Mines, the scheduled start up during 1970 of Rio Tinto Patiño, S.A., the encouraging copper prospects in Mexico of Lytton Minerals Limited, the substantial enlargement of the Consolidated Tin Smelters Group by the acquisition of control of Amalgamated Metal Corporation Limited and the extensive mineral exploration programs.

The most salient development, however, is New Caledonia. The Government of France has given its approval to PMC's participation in the development and processing of nickel cobalt ore (see page 6). PMC looks forward with anticipation to cooperating in this major enterprise under the aegis of the Government of France.

PMC enters the 1970's participating in several major projects which offer large rewards. These coupled with the intention and financial ability to maintain forward progress in non-ferrous metals should ensure significant growth in earnings.

The White Paper proposing fundamental changes in the Canadian tax structure contains provisions which must be rejected because they are not good for Canada. Canada has not and cannot develop under a philosophy that kills incentive and risk taking and deters the development of its human and natural resources. PMC has made representations against the proposals. Should the White Paper be adopted PMC will act to protect the interests of its shareholders.

The direct and continuing action of Simon I. Patiño Succession has been instrumental in the success of the negotiations resulting in the different agreements on New Caledonia. Thus, the importance of the support extended to PMC in its expansion has again been demonstrated by the Succession.

We also wish to acknowledge gratefully the constant interest shown by the shareholders and all persons associated with the Patiño Group.

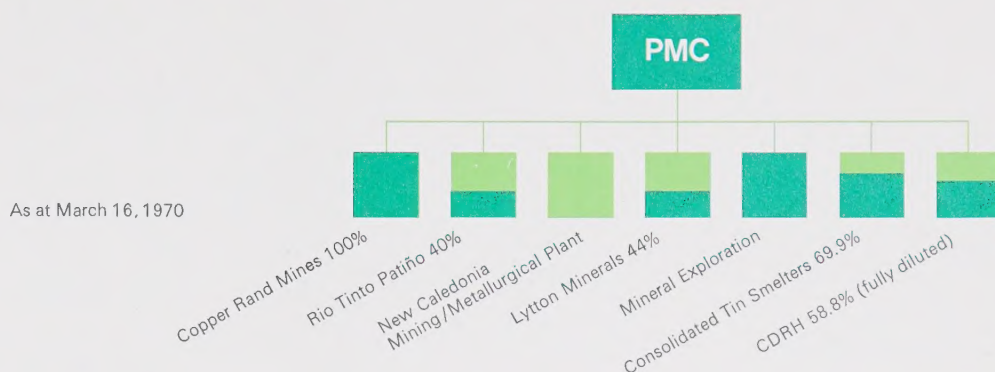
On behalf of the Board of Directors



President and Chief Executive Officer

Toronto, March 31, 1970

Activities



Copper Rand Mines



Results

Net income from operations was \$8,401,000 (\$2,371,000 in 1968). The average copper settlement price was 64¢ per pound (51¢ in 1968). Copper production increased 8.5% to 28,939,307 pounds with improvement in the grade of ore milled, a slightly higher daily mill rate and better recoveries. Mine operating costs were near the 1968 level but expenditures on mine development and plant were greater because of further deepening of the Copper Cliff

shaft, increased lateral development and major repairs to the mill building. Systematic exploration of PMC's large property holdings in the Chibougamau area continues.

Mill Expansion

The satisfactory ore position and anticipated favourable ore developments justify the mill capacity being raised by 500 tons to 2,500 tons daily by August 1970. Copper Cliff mine, which qualifies for new mine status, will begin production in August 1970 at a daily rate of 750 tons. Copper production is expected to rise at least 7% in 1970 and thereafter 15%.

Production

Metal Production	1969	1968
Copper (lbs.)	28,939,307	26,680,655
Gold (ozs.)	26,994	19,154
Silver (ozs.)	102,495	94,082

	1969			1968		
	Tons Milled	% Cu	Oz. Au	Tons Milled	% Cu	Oz. Au
Copper Rand	352,556	2.12		344,916	1.97	
Jaculet	175,176	1.77		178,321	1.91	
Portage	191,644	2.18		176,238	2.08	
Other	12,576	2.28		8,659	2.20	
	731,952	2.05	0.045	708,134	1.99	0.039
Average daily mill rate:	2,021 tons			1,958 tons		

Development

At Copper Rand mine development of the six new levels below the 1910-foot level is encountering normal ore conditions. The water control program in the South Eaton Bay zone has substantially reduced the water flow above the 525-foot level and mining has begun in this higher grade section.

Mining of ore at Jaculet mine will be reduced during 1970 and exploration and development, particularly in the No. 3 zone area, will be accelerated. The 900-foot level east drift of Jaculet was driven a further 1500 feet into the property of Bateman Bay Mining Company to the downward projection of the Bateman shaft. Diamond drilling from this heading has indicated several small ore shoots which will be developed. The Bateman shaft, now at 530 feet, will be deepened to 900 feet and certain of the upper levels will be explored. PMC has a 50% interest in the Bateman Bay project.

At Portage mine, diamond drilling below the lowest mining level at 1600 feet has shown in the East zone substantial widths of good grade ore to the 2200-foot horizon. The main shaft is being deepened 1,000 feet to permit development of this ore.

Agreement with Kerr Addison Mines Limited

An agreement was made with Kerr Addison on that part of the Bouzan property not previously acquired by PMC. Underground exploration expenditures of \$400,000 over a two year period will be shared equally by Kerr Addison and PMC to explore two potential ore zones on the Bouzan claims lying about 1200 feet and 2500 feet south of the Copper Rand Machin zone. PMC will provide up to 400 tons of mill capacity to treat ore that may be developed and resulting profits will be divided equally between the two companies.

Ore Reserves

New ore reserves developed during the year were 916,952 tons. At the end of 1969, after milling 731,952 tons, ore reserves were 5,450,000 tons, an increase of 185,000 tons over the previous year end. Of the new ore developed in 1969, approximately 789,000 tons were found in Copper Rand and Copper Cliff mines. Not included in the above reserves is a substantial tonnage of drill indicated ore below the 1650 foot horizon in the East zone at Portage mine.

	December 31, 1969			December 31, 1968		
	Tons	% Cu	Oz. Au	Tons	% Cu	Oz. Au
Copper Rand (to 2,250 feet)	3,280,000	2.52	0.025	3,282,000	2.60	0.025
Jaculet (to 1,200 feet)	340,000	1.67	0.025	470,000	1.95	0.025
Portage (to 1,650 feet)	880,000	2.04	0.140	1,052,000	2.06	0.140
Copper Cliff (to 1,600 feet)	900,000	2.15	0.025	461,000	1.95	0.025
Other	50,000	2.00	0.025	—	—	—
	5,450,000	2.33	0.048	5,265,000	2.37	0.051

Since operations began in 1960, 6,580,465 tons have been milled. Extensive development work on the properties ensures a future mine life of at least 12 years.

Rio Tinto Patiño, S.A.



The Cerro Colorado open pit mine at Rio Tinto, Spain, will commence production by the end of 1970 with a copper concentrating plant and a gold silver cyanide plant to treat gossan ore having daily capacities of 11,000 tons and 5,000 tons respectively.

Reserves are estimated at 44 million tons of copper ore which average after dilution 0.80% copper and 20 million tons of gossan ore grading 0.07 ounces gold and 1.5 ounces silver per ton.

The custom copper smelter, electrolytic refinery and sulphuric acid plant at Huelva on the Atlantic seacoast with annual capacities of 60,000 tons of copper and 250,000 tons of sulphuric acid will begin operations by June 1970.

Cost of the projects will be approximately US\$77 million. Spanish Government grants (20% of cost of the smelter complex), substantial reductions in import duties and other benefits have been received. PMC has invested \$3.8 million in the equity of Rio Tinto Patiño, S.A. and has guaranteed bank loans (US\$25 million repayable during five years) and certain equipment credits.

New Caledonia



On March 19, 1970, the Government of France approved a project to establish a metallurgical plant at Poum on the coast in the north of New Caledonia. The equity of the French company to be formed will be owned 51% by Société Le Nickel (SLN), 30% by PMC and the balance by New Caledonians. The plant's initial capacity will be 40,000 metric tons of nickel and cobalt metals in ferronickel. Production is scheduled for 1972. The plant will purchase garnierite ore from the Poum orebody and from other mines in New Caledonia.

PMC will mine the Poum deposit and initially will supply sufficient ore to produce at least one-half of the metal production. This will represent about 1,000,000 dry tons per annum. If requested, PMC will furnish additional tonnages that may be required by the plant from time to time. The estimated cost of the plant and ancillary facilities is about US\$200,000,000. This will be raised as to US\$43.6 million by equity and the balance by long-term loans including a loan of US\$20,000,000 from PMC which has been arranged. PMC will participate in sales and have board and management representation. SLN is the second largest producer of nickel in the Free World and has been operating in New Caledonia since 1880.

Preliminary work has confirmed that at Poum excellent sites exist for the metallurgical plant, power station, wharf, water reservoir dam and town site. Studies disclose that mining and processing garnierite ores are financially attractive.

Proved reserves at Poum are as follows:

	Dry Metric Tons	Combined Ni + Co
Garnierite ore	33,900,000	2.27%
Laterite ore	40,719,000	1.34%
Total garnierite and laterite ore	74,619,000	1.76%
Overburden	15,358,439	0.60%
Total material	89,977,439	

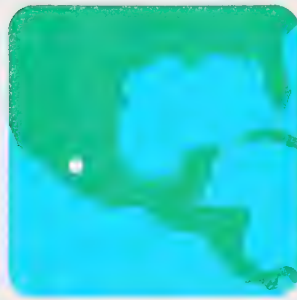
Metallurgical investigations show that a quality ferronickel can be produced from garnierite ore, using a prereduction electrometallurgical process, with good metal recoveries and low production costs. The Poum deposit can supply an average of 1,100,000 dry metric tons of garnierite ore grading 2.25% to a pyrometallurgical plant for 30 years to permit production of more than 20,000 metric tons annually of nickel and cobalt metals in ferronickel. It is possible for the deposit to supply a greater annual tonnage—up to 1,500,000 dry metric tons—for a shorter period of time.

Satisfactory metal recoveries and economics are also indicated by test work on the laterite ore, using a modified selective reduction ammonia ammonium-carbonate leach process to produce nickel and cobalt metals. If a plant using that process were constructed to treat the laterite ore a further 24,000 metric tons of nickel and cobalt metals could be produced annually from the treatment of 2,000,000 dry metric tons of laterite ore each year for 20 years.

The cost of developing the Poum mine to production is estimated at US\$20 million. In the initial stages, the laterite ore which overlies the garnierite ore will be stockpiled for future treatment. The ratio of garnierite ore to laterite ore and overburden is 1:1.67 and the ratio of garnierite and laterite ore to overburden is 1.0:0.2. Because of the high mechanization contemplated the operating costs and manpower requirements will be low.

During 1969, other properties were actively explored with encouraging results.

Lytton Minerals Limited



Surface and underground diamond drilling and adit development continued on the La Verde copper prospect in the state of Michoacan, Mexico, held by Minas del Otoño, S.A. whose shares are under option to Lytton. Low-grade porphyry-type orebodies amenable to open-pit operation are being explored on two hills about one mile apart. In the vicinity of the old mine workings on the East Hill, 3,418 feet of cross-cutting and 28,117 feet of diamond and percussion drilling have indicated 20,000 tons of ore per vertical

foot grading 1.10% copper in two zones. In the West Hill area 24,219 feet of diamond and percussion drilling have indicated 32,000 tons per vertical foot grading 0.77% copper. A complete assessment of ore reserves will be possible only after further work.

Two other properties in Mexico with interesting copper mineralization will be investigated in 1970.

Lytton completed minor programs on its Deas Lake and Pitquah copper prospects in British Columbia and did limited prospecting in the Yukon.

An offer, in October 1969, to shareholders to purchase one new share at \$3.25 for every 10 shares held resulted in the sale of 375,006 shares for \$1,219,000 which will cover the cost of exploration to be done in 1970.

Mineral Exploration

Exploration was maintained at a high level. Expenditures on exploratory work, property options, metallurgical testing and feasibility studies were \$2,209,000. Investigations alone and with others, were conducted in Canada, New Caledonia, Spain, Mexico, Ireland and the Republic of Malagasy. Projects in other countries were examined.

In Canada, the principal programs were in the Chibougamau, Ungava and Gaspé regions of Quebec and on Baffin Island. In Ungava, two claim groups were staked to cover low-grade iron formations near tidewater. Previous work indicated a large tonnage of material grading 25% to 35% iron. These will be investigated in 1970. On Baffin Island, 201 claims were staked, jointly with Terra Nova Explorations Ltd., over a large magnetic anomaly located at tidewater at the north end of Fox Basin. Limited investigation indicated a large tonnage of ore, suitable for beneficiation, in a band 300 to 800 feet wide and grading 30% to 45% iron. In the Gaspé area, detailed underground exploration from the adit level on the property of Sullipek Mines (24.5% PMC owned) and on the adjoining Pekan claims (33.33% PMC owned) outlined 3,000,000 tons of ore grading 1.0% copper above the adit horizon the economic viability of which is being studied. Other work included 4,238 feet of diamond drilling on the New Miller claims adjoining the property of Gaspé Copper Mines Limited and soil sampling and geophysical surveys on several claim groups.

In Ireland, financial arrangements were completed to bring the Avoca copper mine into production. A new company, Avoca Mines Canada Limited, was formed in which PMC and a subsidiary have a 10% interest. Ore reserves are estimated to be 7,000,000 tons reported to grade 0.98% copper after dilution.

Exploration on behalf of Rio Tinto Patiño, S.A. of large prospecting permits in Huelva province, Spain, continued.

In the Republic of Malagasy an interesting deposit of high-grade chromite will be explored in 1970.

Consolidated Tin Smelters Limited

As at March 16, 1970

CTS—Consolidated Tin Smelters

- a. Williams Harvey 100%
- b. Makeri Smelting 62.5%
- c. Eastern Smelting 50.5%
- d. CTS (Australia) 100%

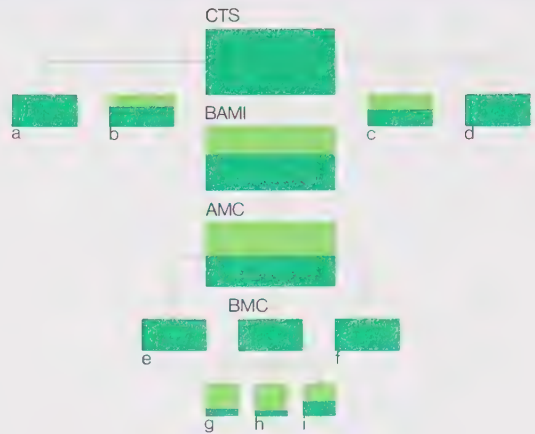
BAMI—British Amalgamated Metal Investments 61.2%

AMC—Amalgamated Metal Corporation 51.6%

- e. Henry Gardner 100%
- f. Mountstar Metals 100%

BMC—British Metal Corporation 100%

- g. Norddeutsche Affinerie 20%
- h. Aluminium Bahrain 18%
- i. C. Tennant Sons 46%



The acquisition in April 1969 of control of AMC, a recognized international force in the metals business, diversifies the interests of the CTS Group and enables it to achieve a fully integrated metals operation.

With the exception of tin smelting at Williams Harvey & Company Limited at Kirkby near Liverpool and the decline in market values of investment portfolios consonant with the fall in world equity prices, the various segments of the enlarged Group performed satisfactorily. The position in tin smelting (41% of the free-world's tin production) was maintained and the smelters in Malaysia, Nigeria and Australia operated efficiently. The tin mining companies in which the Group has substantial interests benefitted from the increased price of tin. The industrial subsidiaries in the United Kingdom did well considering the state of the economy. The activities in Australia have been reorganized and should make a better contribution in the future. AMC had record results with an increase in pre-tax profits of 19.5%. Internal reorganization and further development of trading activities and other interests make its future prospects encouraging. The anticipation had been that the operation of the new tin smelting plant and secondary metal works at Kirkby and the closing down of the obsolete tin smelter would have an immediate beneficial effect on profits. Unfortunately the start-up problems have been more complex than expected and this has been compounded by equipment failures, faulty design, an unprecedented rate of inflow of concentrates, a heavy build-up of stocks and high interest costs so that substantial operating losses have been incurred since tune-up began in August 1969. Some months will be required to attain efficiency of operation and until this is achieved the Group's overall profitability will be adversely affected. In time, however, the Kirkby complex should be a major, profitable development for the treatment of different grades of tin concentrates and secondary materials.

The CTS policy is to maintain the Group's premier position in the tin smelting industry and to diversify in metal manufacturing and trading activities with the overall objective of a co-ordinated group directed from London having substantial interests and operations throughout the world in the various phases of the metal industry.

The net assets at December 31, 1969 attributable to CTS ordinary shareholders amounted to \$39,279,000 (\$53,344,000 at December 31, 1968) valuing quoted investments at market but not giving effect to increased values of certain assets in the Group which would appear on a revaluation.

Capitalization	As at December 31, 1969	
	Outstanding	PMC Interest
7% preference shares	1,405,535	Nil
Ordinary shares	3,923,783	2,730,966
Shareholders' equity	\$38,033,000	\$23,955,000

Financial	Period Ended December 31	
	1969 (year) (\$'000)	1968 (nine months) (\$'000)
Revenue from trading in metals, ores and produce	677,175	—
Sales revenue—tin	180,490	187,461
Other revenue	32,204	6,753
	<u>889,869</u>	<u>194,214</u>
Income before taxes	7,803	4,340
Income taxes	4,653	1,755
Extraordinary items (net)	(3,658)	(326)
	<u>6,808</u>	<u>2,911</u>
Minority interest in income of subsidiaries	4,753	1,342
Net income	<u>2,055</u>	<u>1,569</u>
Dividends paid	<u>1,577</u>	<u>1,507</u>

PMC Interest	Per PMC Share		Per PMC Share	
Net income	\$1,254	29¢	\$ 940	22¢
Dividends paid before withholding taxes	1,089	25¢	1,026	24¢

CDRH Limited

The CDRH Group comprises: in Canada, four wholly-owned operations—dredging and marine construction, a restaurant and a motor hotel, hotel management, catering and housing in northern Canada and Alaska, and, as of February 1970 a chain of fast food restaurants (Honey Dew) and a wholesale frozen beverage business; and in the United States 52% of The Southern Maryland Agricultural Association of Prince George's County, Maryland, Inc. which wholly owns Bowie Race Course (thoroughbred racing) in Maryland and Freehold Raceway (standardbred racing) in New Jersey.

Capitalization	As at December 31, 1969	
	Outstanding	PMC Interest
Common shares	1,324,524	758,100
Shareholders' equity	\$10,356,000	\$5,924,000

Debt

Long term loans	\$10,043,000
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Financial	Eight Months Ended Dec. 31, 1969	Year Ended April 30, 1969
	(\$000)	(\$000)
		(restated)
Revenue	16,067	22,574
Income before taxes	875	2,662
Income taxes	484	1,408
Income tax reduction from loss carry-over benefit	—	(785)
	391	2,039
Minority interest in income of subsidiary	125	365
Net income	266	1,674

PMC Interest

Net income	152
Per PMC share	3.5¢

(no dividends were paid during the period)

Although net income for the year ended April 30, 1969 was satisfactory, that for the year to April 30, 1970 will be substantially less because of an increase in the income tax provision from 22% to 50% and a major decrease in the profits of Bowie Race Course due to new competition. The financial position of the Group is sound and the various divisions, with the recent acquisition, continue to provide good prospects for the future.

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Consolidated Statement of Income

	Year ended December 31	
	1969	1968
Revenue		
Metal sales	\$21,817,000	\$14,156,000
Dividend income, less taxes withheld	1,069,000	1,320,000
Other income, including profit on sale of marketable securities	178,000	323,000
	<u>23,064,000</u>	<u>15,799,000</u>
Expenses		
Mine operating, milling and general	6,648,000	6,451,000
Smelting, refining and freight	3,286,000	2,746,000
Corporate and administrative	630,000	552,000
Interest	97,000	135,000
Mining and capital taxes (Note 10)	1,201,000	263,000
	<u>11,862,000</u>	<u>10,147,000</u>
	<u>11,202,000</u>	<u>5,652,000</u>
Amortization of mine development costs	1,380,000	1,391,000
Depreciation	819,000	752,000
Exploration costs written off	507,000	470,000
	<u>2,706,000</u>	<u>2,613,000</u>
Income before extraordinary items	8,496,000	3,039,000
Gain on disposal of investments	1,527,000	3,753,000
Net income	<u>\$10,023,000</u>	<u>\$ 6,792,000</u>

Consolidated Statement of Retained Earnings

	Year ended December 31	
	1969	1968
Balance, beginning of year	\$18,778,000	\$13,287,000
Net income	10,023,000	6,792,000
	<u>28,801,000</u>	<u>20,079,000</u>
Dividends paid	1,519,000	1,301,000
Balance, end of year	<u>\$27,282,000</u>	<u>\$18,778,000</u>

(See accompanying notes to financial statements)

Consolidated Balance Sheet

Assets	December 31	
	1969	1968
Current Assets		
Cash, term bank deposits	\$ 2,815,000	\$ 51,000
Marketable securities, at cost (market value 1969 \$818,000; 1968 \$828,000)	708,000	747,000
Accounts receivable	1,062,000	256,000
Estimated amount receivable for concentrates	5,884,000	3,905,000
Supplies, prepaid expenses	660,000	440,000
	<u>11,129,000</u>	<u>5,399,000</u>
Investments, at cost		
Non-consolidated subsidiaries (Notes 1, 2, & 3)	22,289,000	15,414,000
Associated and other companies (Note 4)		
Securities having a quoted market value (market value 1969 \$13,785,000; 1968 \$18,368,000)	3,592,000	6,938,000
Other securities	3,793,000	6,779,000
	<u>29,674,000</u>	<u>29,131,000</u>
Fixed Assets, at cost		
Plant, equipment and townsite	10,394,000	9,711,000
Less: Accumulated depreciation	8,094,000	7,275,000
	<u>2,300,000</u>	<u>2,436,000</u>
Mining properties	2,548,000	2,554,000
	<u>4,848,000</u>	<u>4,990,000</u>
Other Assets		
Mine development costs	23,224,000	22,064,000
Less: Amortization	11,948,000	10,568,000
	<u>11,276,000</u>	<u>11,496,000</u>
Mining projects at cost, less amounts written off (Note 5)	7,974,000	6,272,000
Long term account receivable (Note 6)	3,665,000	44,000
	<u>22,915,000</u>	<u>17,812,000</u>
	<u>\$68,566,000</u>	<u>\$57,332,000</u>

(See accompanying notes to financial statements)

Liabilities

December 31

1969

1968

Current Liabilities

Bank advances, secured	\$ 568,000	\$ 69,000
Accounts payable	1,377,000	881,000
Amounts owing to associated companies	873,000	—
Mining tax payable (Note 10)	1,043,000	211,000
	<u>3,861,000</u>	<u>1,161,000</u>

Shareholders' Equity

Share capital, par value \$6.50 per share (Note 7)

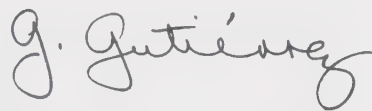
Authorized: 5,000,000 shares

Issued: 4,344,800 shares (1968 4,341,300 shares)	28,241,000	28,218,000
Premium on shares issued	9,182,000	9,175,000
Retained earnings	27,282,000	18,778,000
	<u>64,705,000</u>	<u>56,171,000</u>

Signed on Behalf of the Board:



Director



Director

\$68,566,000\$57,332,000

Consolidated Statement of Source and Application of Funds

	Year ended December 31	
	1969	1968
Source of Funds		
Income before extraordinary items	\$ 8,496,000	\$ 3,039,000
Depreciation	819,000	752,000
Amortization of mine development costs	1,380,000	1,391,000
Exploration costs written off	507,000	470,000
	<u>11,202,000</u>	<u>5,652,000</u>
Issue of shares	30,000	738,000
Special refundable tax	44,000	40,000
Sale of investments	5,839,000	5,161,000
	<u>17,115,000</u>	<u>11,591,000</u>
Application of Funds		
Mine development	1,160,000	1,337,000
Fixed assets	677,000	375,000
Acquisition of investments	4,855,000	4,867,000
Dividends	1,519,000	1,301,000
Mining projects	2,209,000	2,179,000
Long term account receivable	3,665,000	—
	<u>14,085,000</u>	<u>10,059,000</u>
Increase in working capital	3,030,000	1,532,000
Working capital, beginning of year	4,238,000	2,706,000
Working capital, end of year	<u>\$ 7,268,000</u>	<u>\$ 4,238,000</u>

(See accompanying notes to financial statements)

Notes to Consolidated Financial Statements

1. Basis of Consolidation

The consolidated financial statements do not include the accounts of Consolidated Tin Smelters Limited, CDRH Limited and their subsidiaries. Two relatively unimportant subsidiaries, the investment in which totals \$254,000 (\$290,000) are also not consolidated.

2. Consolidated Tin Smelters Limited (CTS)

At December 31, 1969 the Company owned 69.6% (68.1%) of the outstanding ordinary shares of CTS at a cost of \$15,639,000 (\$15,124,000) and a quoted market value of \$21,657,000 (\$23,794,000).

It is the Company's practice to record as income from certain subsidiaries only dividends received. In 1969 the Company's share of CTS net income was \$1,254,000 as against dividends received of \$1,089,000. For the nine month period ended December 31, 1968, the comparative figures are \$940,000 and \$1,026,000, respectively. The Company's equity in the book value of the consolidated net assets of CTS amounted to \$23,955,000 (\$22,576,000) at the year end; if quoted market values of investments are substituted for book values, the Company's equity in the consolidated net assets of CTS would be \$27,338,000 (\$36,327,000).

3. CDRH Limited (CDRH)

At December 31, 1969 the Company owned 57.2% of the outstanding common shares of CDRH at a cost of \$6,396,000 and a quoted market value of \$6,823,000. A controlling interest was acquired in May 1969 and the Company's share of earnings for the eight month period in 1969 amounted to \$152,000. CDRH does not currently pay dividends. The Company's equity in the book value of the consolidated net assets of CDRH amounted to \$5,924,000 at the year end.

4. Investments in Associated and Other Companies

The \$3,592,000 investment in securities having a quoted market value includes 1,718,000 shares of Lytton Minerals Limited, which represents 41.7% of the outstanding common shares, 660,100 shares of Brunswick Mining and Smelting Corporation Limited and miscellaneous other securities.

The \$3,793,000 investment in other securities represents the cost of the Company's 40% equity interest in Rio Tinto Patiño, S.A.

5. Agreement with Société Le Nickel (SLN)

Subsequent to the date of the balance sheet, the Company entered into an agreement with SLN to form a company to construct and operate a metallurgical plant in Poum, New Caledonia, with an annual capacity of 88 million pounds of nickel and cobalt in ferronickel. The Company is obligated to subscribe for 30% of the share capital at a cost equivalent to US \$13.1 million, to arrange for a loan of US \$20 million to be made to the company, and to provide further financing up to US \$6.5 million, if required.

The Company will arrange to mine and supply to the metallurgical plant sufficient ore from properties in the Poum area to produce at least 50% of the metal output. The cost of placing the Poum mining properties in production is estimated to be US \$20 million.

The amount shown on the balance sheet for mining projects consists mainly of the cost of optioning, drilling, testing and evaluating mining properties in New Caledonia.

6. Long Term Account Receivable

The \$3,665,000 long term account receivable represents four equal instalments receivable during 1971 to 1973 in respect of the Company's sale in 1969 of its shares of Advocate Mines Limited.

131
200
65
396

7. Shareholders' Equity

During 1969, options were exercised on 3,500 shares of the Company for a total consideration of \$29,750, of which \$7,000 was credited to premium on shares issued. Under an executive incentive plan options are outstanding for 60,200 shares at prices from \$6.00 to \$45.00 (expiring 1972 to 1974) with a further 95,000 shares reserved for options that may be granted in the future.

8. Contingent Liabilities

The Company has undertaken to guarantee bank loans to be made to Rio Tinto Patiño, S.A. to a maximum amount of US \$25,000,000 of which US \$15,000,000 was outstanding at the year end. In addition, the Company has guaranteed loans made to purchase equipment by that company totalling \$1,311,000.

The Company is contingently liable under a guarantee of 7% First Mortgage bonds of Canadian Dredge & Dock Limited amounting to \$1,261,000 as at December 31, 1969 and holds security under the assignment of a debenture issued by that company.

9. Remuneration of Directors and Senior Officers

Directors and senior officers of the Company received, in 1969, total direct remuneration of \$418,000 of which only \$25,000 (directors' fees) was paid by the Company. The remaining amount of \$393,000 was paid by non-consolidated subsidiaries.

10. Corporation Income and Mining Taxes

No income taxes are payable for the year ended December 31, 1969 and no income taxes have been provided in the accounts as this basis of accounting is considered appropriate for the Company. If income taxes and provincial mining taxes had been provided on the basis of reported income (the tax allocation basis) as recommended by The Canadian Institute of Chartered Accountants, net income for the year would have been reduced by approximately \$2,540,000 (\$690,000) and the balance sheet would have included deferred income and production tax credits of approximately \$3,390,000 (\$850,000).

Auditors' Report

Price Waterhouse & Co.

P.O. Box 51
Toronto-Dominion Centre
Toronto 1
March 26, 1970

To the Shareholders of The Patiño Mining Corporation (No Personal Liability):

We have examined the consolidated balance sheet of The Patiño Mining Corporation (No Personal Liability) and consolidated subsidiaries as at December 31, 1969 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, with the exception of the matter referred to in note 10, these consolidated financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, as restated to include as an extraordinary item in the consolidated statement of income, gain on disposal of investments previously credited directly to retained earnings.

Price Waterhouse & Co

Chartered Accountants.

Five Year Financial Summary

For the Year (in thousands)	1969	1968	1967	1966	1965
Revenue					
Metal sales	\$ 21,817	\$ 14,156	\$ 12,452	\$ 12,959	\$ 11,789
Other income	1,247	1,643	1,644	1,037	989
	<u>23,064</u>	<u>15,799</u>	<u>14,096</u>	<u>13,996</u>	<u>12,778</u>
Expenses					
Operating costs	11,862	10,147	9,118	9,141	8,571
Amortization and depreciation	2,199	2,143	1,925	1,933	1,907
Exploration costs written off	507	470	530	523	138
	<u>14,568</u>	<u>12,760</u>	<u>11,573</u>	<u>11,597</u>	<u>10,616</u>
Income before extraordinary items	8,496	3,039	2,523	2,399	2,162
per share	\$1.96	70¢	60¢	62¢	56¢
Gain on disposal of investments	1,527	3,753	2,110	—	—
per share	35¢	86¢	50¢	—	—
Net income	10,023	6,792	4,633	2,399	2,162
per share	\$2.31	\$1.56	\$1.10	62¢	56¢
Cash Flow	12,729	9,405	7,088	4,855	4,207
per share	\$2.93	\$2.17	\$1.67	\$1.25	\$1.09
Mine development costs	1,160	1,337	930	590	508
Expenditures on fixed assets	677	375	760	125	110
Expenditures on mining projects and exploration	2,209	2,179	3,614	1,601	514
Dividends paid	1,519	1,301	1,254	969	952
per share	35¢	30¢	30¢	25¢	25¢
At the Year-End (in thousands)					
Working capital	\$ 7,268	\$ 4,238	\$ 2,706	\$ 1,361	\$ 1,266
Investments at cost	29,674	29,131	25,672	27,884	26,397
at market	46,312	49,231	46,241	40,468	46,409
Fixed assets	4,848	4,990	5,367	5,287	5,833
Mine development costs	11,276	11,496	11,550	11,865	12,539
Exploration and mining projects	7,974	6,272	4,563	1,479	400
Other Assets	3,665	44	84	111	—
Long term debt	—	—	—	3,900	3,850
Shareholders' equity at book value	64,705	56,171	49,942	44,087	42,585
Unrealized appreciation on quoted investments	16,638	20,100	20,569	12,585	20,012
	<u>81,343</u>	<u>\$ 76,271</u>	<u>\$ 70,511</u>	<u>\$ 56,672</u>	<u>\$ 62,597</u>
Shares outstanding at end of year	4,344,800	4,341,300	4,236,800	3,875,550	3,862,000

The Patiño Group

The Patiño Mining Corporation (No Personal Liability)

Directors & Officers

A. Patiño R., *Chairman of the Board, Director*
E. R. E. Carter, *President, Chief Executive Officer, Director*
G. Gutiérrez, *Vice-President (Corporate Affairs), Director*
S. P. Ogryzlo, *Vice-President (Mining), Director*
F. G. Tucker, *Vice-President (CDRH Group), Director*
Count du Boisrouvray, *Director*
W. F. James, *Director*
J. Ortiz-Patiño, *Director*
S. H. Robinson, *Director*
W. P. Wilder, *Director*
J. A. McKee, *Vice-President (CTS Group)*
P. J. Keenan, *Vice-President (Finance), Treasurer*
F. van de Water, *Controller*
J. W. Lay, *Secretary*

Copper Rand Mines

C. M. Marshall, *Mine Manager* (as of March 1, 1970, Assistant to Vice-President, Mining)
J. H. Iglesias, *Mine Manager* (as of March 1, 1970)
J. F. Dunnett, *General Mine Superintendent*
L. Lehtisaari, *Plant Engineer*
F. Baril, *Mill Superintendent*
M. J. Tessier, *Mechanical Superintendent*
R. Weitzdoerfer, *Chief Mine Engineer*
D. H. Mather, *Administrative Manager*

Toronto

H. E. Rudd, *Manager, Mining*
D. W. Asbury, *Manager, Exploration (Canada)*

Spain

W. P. de Graaff, *Chief Exploration Geologist*

New Caledonia

J. H. Shepherd, *Resident Geologist*
W. C. Nancarrow, *Resident Mining Engineer*

Mexico

P. Eckman, *Exploration Manager*
L. MacKenzie, *Resident Mining Engineer*

CTS Group

Consolidated Tin Smelters Limited

A. Patiño R., *President*
E. R. E. Carter, *Chairman*
J. A. McKee, *Managing Director*
P. A. Wright, *Group Controller of Metallurgy*
G. T. Bodkin, *General Manager*
H. G. Barker, *Financial Controller*
R. J. Tolley, *Chief Technical Director*
G. Seddon, *Secretary*

Williams Harvey & Co. Limited

J. A. McKee, *Chairman*
S. C. Pearce, *Managing Director*
R. J. Tolley, *Deputy Managing Director*
A. D. Brown, *Secretary, Financial Controller*

Eastern Smelting Company Limited

R. J. Tolley, *Chairman*
J. McKeown, *Managing Director*

Makeri Smelting Company Limited

S. Davis, *Chairman*
M. M. Murray, *Managing Director*
P. D. Sampson, *Secretary*

Consolidated Tin Smelters (Australia)

Pty. Limited

C. N. M. Walker, *Chairman*
J. R. Meehan, *Managing Director*
E. M. Eden, *Secretary*

British Amalgamated Metal Investments Limited

E. R. E. Carter, *Chairman*
J. A. McKee, *Managing Director*
P. J. Norton, *Secretary*

Amalgamated Metal Corporation Limited

Sir Paul Benthall, KBE, *Chairman*
E. R. E. Carter, *Deputy Chairman*
E. F. B. Nunns, *Finance Director*
A. M. R. Sylvester, *Secretary*

CDRH Limited

E. R. E. Carter, *Chairman*

F. G. Tucker, *President, Chief Executive Officer*

T. D. Amadori, *Vice-President (Restaurant-Motor Hotel)*

D. A. Cox, *Vice-President (Finance), Treasurer*

L. A. Fortier, *Vice-President*

R. J. Schneider, *Vice-President (Marine Construction-Dredging)*

E. N. Williams, *General Manager (Camps-Catering)*

D. F. Wright, *General Manager (Honey Dew)*

J. W. Lay, *Secretary*

The Patiño Mining Corporation (No Personal Liability)

Head Office

Chibougamau, Quebec

Executive Office

7 King Street East, Toronto

Bankers

Bank of Montreal

Stock Exchanges

Toronto, Canadian and Vancouver

Transfer Agents & Registrars

National Trust Company, Limited,
Toronto, Montreal and Vancouver
Canada Permanent Trust Company,
Saint John

Auditors

Price Waterhouse & Co., Toronto

Counsel

Toronto—Holden, Murdoch, Walton, Finlay,
Robinson

Montreal—Ogilvy, Cope, Porteous, Hansard,
Marler, Montgomery & Renault

The English text of this annual report
can be obtained by writing
to the Company, at 7 King Street East,
Toronto 1, Ontario, Canada.

On pourra se procurer le texte français
de ce rapport annuel en s'adressant
à la Société, 7 King Street East,
Toronto 1, Ontario, Canada.





The Patiño Mining Corporation
Annual Meeting of Shareholders
Montreal — April 28, 1969
Address by
E. R. E. Carter
President and Chief Executive Officer



The Patiño Mining Corporation
Annual Meeting of Shareholders
Montreal – April 28, 1969
Address by
E. R. E. Carter
President and Chief Executive Officer

Your board of directors welcomes you to this Annual Meeting. The interest and support of shareholders are vital elements in corporate life and are fully appreciated by your management.

I propose to review 1968, the results of the first quarter of 1969 and the outlook for the balance of the year and the prospects beyond. I will conclude with my observations on what we must guard against and do in Canada to-day to ensure our country's future growth and continued prosperity.

1968 in Review

We can look back on 1968 as having been another progressive and satisfactory year in which your Corporation prospered and strengthened its base. The major achievements were:

1) improved financial results — record earnings of \$3,039,000 (\$2,523,000) — 70¢ (58¢) per share; a gain on disposal of investments of \$3,753,000 (\$2,110,000) or 86¢ (49¢) per share; cash flow of \$9,405,000 (\$7,088,000) — \$2.17 (\$1.63) per share; working capital of \$4,238,000 (\$2,706,000), shareholders' equity at book value of \$56,171,000 (\$49,942,000), unrealized appreciation on quoted investments of \$20,100,000 (\$20,569,000); non-current liabilities and a dividend of 30¢ per share.

2) at the Copper Rand Mines Division ore reserves increased and new important sources of ore have been indicated the extent of which work now in progress will determine. A minimum of fifteen years of operations is now feasible. Metal production and net income increased by 14⁰% and 29⁰% respectively because of a higher daily mill rate, better metallurgical performances, increased mine productivity and lower operating costs. The average copper settlement price for 1968 was approximately the same as in 1967, namely 49.3¢ per pound.

3) the search for new mineral deposits continued unabated — \$2,179,000 were spent on exploration in Canada, New Caledonia, Spain and Mexico. On Baffin Island a strong magnetic airborne anomaly which may represent a large iron deposit was staked jointly with Terra Nova Explorations Ltd. In Mexico, Lytton Minerals Limited (39⁰% owned by your Corporation) is continuing its exploration of the La Verde copper

deposit by surface drilling and underground adits. Two areas of low-grade copper mineralization are being explored and while some good results are being obtained considerable exploration must be done to determine the potential of the property.

4) in Spain, construction of the custom copper smelter, electrolytic refinery and sulphuric acid plant at Huelva should be completed in July 1970 and the Cerro Colorado copper concentrator and gold-silver cyanide leaching plants at Rio Tinto should be in operation five or six months later. The cost to Rio Tinto Patiño, S.A. of the combined projects is estimated at U.S.\$75,000,000 of which your Corporation, for its 40% interest, has made an equity investment of U.S.\$3,000,000, has guaranteed certain bank loans and other credits and will participate in other loans to be determined.

5) in New Caledonia, exploration on the optioned properties was expanded with highly satisfactory results. Proved and probable reserves now exceed 100,000,000 tons. Considerable detailed work has been completed on the Poup deposit and metallurgical and feasibility studies are being conducted (as described in the Annual Report) with a view to the eventual development of the nickel-cobalt reserves at that location which include 50,000,000 tons of proved ore grading 2% nickel plus cobalt. Because of the favourable location, the compact nature and thickness of the deposit, the small amount of waste stripping that will be required and the good grade of ore, the Poup deposit should permit production of nickel and ferro-nickel at low cost.

6) Consolidated Tin Smelters Limited made greater trading profits than expected. The Group retains its premier position in tin smelting, having smelted with its associated company in Australia, 41% of the free world's tin. Work on the first stage of the new tin smelter and secondary metals plant soon to begin operations at Kirkby, near Liverpool in the United Kingdom, progressed satisfactorily. The investment in Amalgamated Metal Corporation Limited — a leading trader in metals, minerals and other commodities — on which I will elaborate later, was increased. The current reorganization of the CTS Group's administration will provide greater efficiency. In addition to the many benefits

which will accrue to your Corporation from its 68% interest in the shares of Consolidated Tin Smelters Limited, it is important to appreciate that your Corporation's investment at December 31, 1968, costing \$15,124,000 and with a quoted market value at that date of \$23,794,000, had a value of \$45,640,000 if quoted market values were substituted for book values.

7) your Corporation's policy is to regroup its interests to the best advantage. The investment in The Southern Maryland Agricultural Association of Prince George's County, Maryland, Inc. (SMAA) was sold to CDRH Limited at a substantial capital gain and in connection with certain financing undertaken by CDRH Limited, which acquired 51% of SMAA, your Corporation increased its position in CDRH Limited to 38%. CDRH Limited has made significant progress in the past two years and has achieved a solid earnings base, a sound financial position and a capable management team. Its current results are most satisfactory.

The First Quarter of 1969

Income before extraordinary items was \$2,013,000 (\$506,000) and per share 46¢ (12¢) on the 4,341,300 shares outstanding. The investments in Advocate Mines Limited were sold with a gain of \$1,436,000 (\$95,000). Consequently, net income was \$3,449,000 (\$601,000) or 79¢ (14¢) per share. (This change in reporting arises from your Corporation's decision to accept the recommendation of the Canadian Institute of Chartered Accountants issued in December 1968 that extraordinary items such as gains or losses arising from sale of investments not acquired for resale, should be reported as a separate item in the Income Statement.)

The improvement in income before extraordinary items arose mainly from: (a) the performance of the Copper Rand Mines Division where copper production increased 40% due to better ore grade and continuing improvements in mining and milling efficiencies which with higher metal settlement prices resulted in metal sales revenues increasing 48% to \$4,629,000 (\$3,127,000). The settlement prices rose from more buoyant copper prices and a revised pricing formula. Until February of this year, your Corporation's copper was sold through

the Noranda copper pool as to 40% on the London Metal Exchange and the balance in North America. This was altered to allow each producer to elect as to how its copper would be sold subject to a Government of Canada request that a minimum of 20% of each producer's production be sold to Canadian fabricators. Your Corporation elected until September 1969 to sell the balance (80%) on the London Metal Exchange. The London Metal Exchange price per pound is presently 70¢ and the Canadian domestic price is 48.5¢. We believe a differential will continue in the months ahead; (b) a dividend of \$479,000 net was received from Consolidated Tin Smelters Limited which will pay dividends in the first and third quarters of 1969 at rates of $8\frac{1}{8}\%$ and $7\frac{1}{2}\%$ compared with 10% and 5% paid in the third and fourth quarters of 1968.

Further interesting financial comparisons with March 31, 1968 are that as of March 31, 1969 your Corporation's working capital was \$7,254,000 (\$1,774,000), shareholders' equity at book value (reflecting the investments in the Copper Rand Mines Division, Rio Tinto Patiño, S.A. and New Caledonia at cost) was \$59,620,000 (\$50,544,000) and unrealized appreciation on quoted investments was \$22,261,000 (\$14,419,000).

Outlook for 1969 and the Prospects Beyond

The Annual Report concluded with the statement: "We remain confident in the outlook for your Corporation. The current year has begun well and the results should be satisfactory. The projects in hand offer promising future rewards. The policy is to expand where warranted." I emphasize the following:

1) Although the increase in net income for the first quarter over the corresponding period of 1968 is substantial it would be wrong to assume that this rate of increase will be maintained for the remainder of 1969. However, it is clear that 1969 will be another satisfactory year.

2) The outlook for the Copper Rand Mines Division is highly favourable with a probable minimum life of 15 years in view of continually expanding ore reserves. Improvements in mining and milling efficiencies will continue to be made.

3) Our extensive mineral exploration programme

will be pursued and we are hopeful that the creditable performance of the past will be repeated.

4) We are confident of the profitability of Rio Tinto Patiño, S.A. and the economic future of Spain.

5) We are very optimistic about our potential in New Caledonia. However, certain authorizations from the French Government are conditions precedent to mining and treating the ore. Pending the granting of these authorizations your Corporation will continue its exploration programme and engineering studies. Our view is that bearing in mind our ability to finance the whole project, our willingness to meet the requirements established by the Government of France and the beneficial results which would accrue to New Caledonia a satisfactory conclusion will be reached. As I stated a year ago: "I am convinced with patience, resolution and persistence we will reach a satisfactory and rewarding arrangement in New Caledonia."

6) The earnings of CDRH Limited have steadily increased and further improvement is anticipated. There is every justification to believe that what has been done in the past can be continued. The essential ingredients exist, namely: an adequate base, earning power, diversification, access to money and management.

7) The Consolidated Tin Smelters Group should continue to give improved results. This will stem from its policy, which will be actively pursued, to increase and diversify in non-ferrous metals. Illustrative of this is the Kirkby development which will commence operations in June and the control (51.6%) obtained earlier this month of Amalgamated Metal Corporation Limited. The objective is to augment the earning power of the CTS Group and at the same time ensure that capital grows in real terms. I am confident that the objective will be obtained. Certain facts about Amalgamated Metal Corporation Limited will indicate its importance to our Group. The principal activities of its subsidiaries are: trading in non-ferrous metals, ores, concentrates, residues, scrap and other commodities; steel merchanting and fabricating; owning and managing investments, and providing finance, particularly for metal and mining activities; manufacturing, general trading

and mining. In addition to its substantial investments and activity in the United Kingdom, its subsidiaries are found either directly or indirectly in most countries of the Western World. Three important minority positions are held in Norddeutsche Affinerie A.G. (20%), the large German copper smelter, C. Tennant, Sons & Co. of New York (46%), the world known metal traders, and Aluminium Bahrain (18%) formed to erect and operate commencing in 1971 an aluminium smelter in Bahrain in partnership with the Government of Bahrain, Elektrokoppar of Sweden and General Cable of America. The CTS Group and the AMC Group as indeed your Corporation are in many respects complementary and substantial benefits should accrue to all concerned.

8) The financial position of your Corporation has never been better. This is particularly comforting in these times of international financial difficulties.

9) We are constantly seeking new opportunities to expand and extend our activities. A prime objective is to develop your Corporation's business on a truly international basis.

10) Your corporation's interests, in very large part, are in natural resources and associated activities for which the outlook is one of continuing growth. Moreover, they represent a real safeguard against inflation.

To-day Canadians are concerned with the future of this Country. There are two problems — political and economic. As to the political, I believe that all in this Country wish first to be Canadians and that our good common sense will prevail. The economic problem, however, is of fundamental concern. The crux of the matter is whether Government at all levels will permit us to move forward or is our growth to be suppressed by taxation to support expenditures which an expanding society cannot afford. This Country and all its citizens will fare far better if there is equality of opportunity and rewards for efforts. Above all else, there must be confidence in Government — and such confidence can only grow from responsible, disciplined and lasting policies. There cannot be that confidence unless and until Government establishes and adheres to a reasonable and realistic programme of

spending priorities. In simple terms, there must be a limit on public spending that is consonant with our society's ability to pay.

I am concerned that the proposed White Paper on taxation to be released this summer will reduce the present tax incentives to resource industries. That clearly would be a retrograde and not a progressive action.

I feel that few people recognize the importance of the mining industry to our economy. In 1967 mineral exports represented 30 per cent of all commodity exports. The mining industry is a major factor in national employment supporting at least five persons in other industries for each person that works directly for it. Canadian mining provides 44 per cent of the freight carried by Canadian railways, consumes 20 per cent of the output of our chemical industry and of all electric power generated in this country. The mining industry, fearing the possibility of drastic changes in the Income Tax Act, is in a state of uncertainty. Illustrative of this is that proposed capital expenditures in 1969 by the mining industry have increased by one per cent over 1968 compared with an 8 per cent increase for all other industries. For the preceding twenty years capital expenditures by the mining industry exceeded the national average by $1\frac{3}{4}$ times.

The importance of the mining industry to Canada will diminish if tax incentives, which were clearly designed to encourage the development of mining, are replaced by subsidies and other forms of assistance related to cost. Subsidies and Government assistance are not suitable substitutes for appropriate incentives and rewards for those who wish to take risks. Canada's development is directly related to the availability of capital and as mining capital is international by nature it will go where the rewards are greatest and the tax climate is most favourable. That has been Canada's experience in the past to the benefit of all Canadians. The implementation of the recommendations of The Royal Commission on Taxation which relate to the mining industry would stifle the enterprising, reduce the flow of foreign capital and slow the growth of our economy. That would affect detrimentally the future of us all.

I cannot let this occasion pass without expressing my personal appreciation to the non-executive members of your board of directors and the directorates of other companies with whom your Corporation is associated, to my close associates, executives, staff and employees throughout the Patiño Group. Everything that has been achieved in past years, not least in 1968 and what we look forward to achieving in the years ahead has depended and will depend on the loyalty, enthusiasm and dedication of all within the Group. Those qualities your Corporation enjoys in good measure and my sincere gratitude is extended to everyone.

exemple, les dépenses que l'industrie minière se proposent de faire en immobilisations en 1969 ont augmenté de 1 pour cent par rapport à celles de 1968, en comparaison de l'augmentation de 8 pour cent pour toutes les autres industries. Pour les vingt dernières années les dépenses en immobilisations de l'industrie minière ont dépassé la moyenne nationale par $1\frac{3}{4}$ fois.

L'importance de l'industrie minière pour le Canada diminuera si les mesures d'encouragement fiscales qui furent clairement instituées pour encourager le développement des mines, sont remplacées par des subventions et autres formes d'aide relatives au coût. Les subventions et l'aide du gouvernement ne peuvent adéquatement remplacer les encouragements appropriés et les récompenses pour ceux qui désirent prendre des risques. Le développement du Canada est directement lié à la disponibilité des capitaux et comme le capital minier est de nature internationale il ira là où les récompenses sont les plus grandes et où le climat fiscal est le plus favorable. Ceci a été l'expérience du Canada dans le passé, à l'avantage de tous les Canadiens. L'application des recommandations de la Commission Royale d'enquête sur la fiscalité qui touchent à l'industrie minière étoufferait l'esprit d'entreprise, réduirait l'apport de capitaux étrangers et ralentirait le progrès de notre économie. Ceci affecterait défavorablement l'avenir de nous tous.

Je ne saurais laisser passer cette occasion sans exprimer mes remerciements personnels aux membres non administratifs de votre conseil d'administration et à la direction des autres compagnies auxquelles votre Société est associée, à mes proches associés, aux cadres, au personnel et aux employés de tout le Groupe Patiño. Tout ce qui a été accompli au cours de ces dernières années, et non moins en 1968, et ce que nous prévoyons accomplir dans les années futures à dépendu et dépendra encore de la fidélité, de l'enthousiasme et du dévouement de tous, au sein du Groupe. Ces qualités se retrouvent dans votre Société et ma reconnaissance sincère s'adresse à chacun.

De plus, ils représentent une garantie réelle contre l'inflation.

Aujourd'hui, les Canadiens se préoccupent de l'avenir de ce pays. Il existe deux problèmes — l'un d'ordre politique et l'autre d'ordre économique. Quant au problème politique, je crois que nous tous, de ce pays, désireront d'abord être Canadiens et que notre bon sens prévaudra. Le problème économique est, cependant, une préoccupation fondamentale. Le noeud de la question est de savoir si le gouvernement, à tous les paliers, nous permettra de continuer vers l'avant, ou si notre expansion sera ralentie par des impôts destinés pour défrayer des dépenses qu'une société en évolution ne peut pas se permettre. Ce pays et tous ses citoyens se porteront beaucoup mieux s'il existait une égalité de chances et des récompenses pour les efforts. Par-dessus tout, on doit avoir confiance dans le gouvernement — et cette confiance ne peut être inspirée que par des politiques réfléchies, logiques et durables. Cette confiance ne peut pas exister à moins que le gouvernement n'établisse et adhère à un programme raisonnable et réaliste de priorité dans ses dépenses. En termes clairs, il doit y avoir une limite aux dépenses publiques qui tiennent compte des facultés contributives de notre société. Je crains que le livre blanc proposé sur la taxation, qui sera publié cet été, entraîne la réduction des mesures d'encouragement fiscales actuelles aux industries exploitant des richesses naturelles. Ce serait vraiment une mesure rétrograde et non pas une action progressive. Je crois que peu de gens reconnaissent l'importance de l'industrie minière dans notre économie. En 1967, les exploitations minérales représentaient 30 pour cent de toutes les exportations de matières premières. L'industrie minière est un facteur important dans l'emploi national, créant dans d'autres industries des emplois pour au moins cinq personnes pour chaque personne qui travaille directement dans l'industrie minière. Les mines canadiennes fournissent 44 pour cent des marchandises transportées par les chemins de fer du Canada, consommant 20 pour cent de la production de notre industrie chimique et 20 pour cent de toute l'électricité produite dans ce pays. L'industrie minière, craignant la possibilité de changements rigoureux dans la Loi de l'impôt sur le revenu, est dans un état d'incertitude. Par

suite de sa politique, qui sera activement poursuivie, de se diversifier et d'augmenter sa

production de métaux non ferreux. Des exemples de l'application de cette politique sont les

installations à Kirkby qui seront mises en service en juin et l'acquisition, au début du mois, de la

majorité (51,6%) des actions d'Amalgamated Metal Corporation Limited. L'objectif visé est à

la fois d'augmenter la rentabilité du Groupe CTS et d'assurer l'accroissement effectif du capital.

J'ai confiance que l'objectif sera atteint. Certains faits au sujet d'Amalgamated Metal Corporation

Limited feront ressortir son importance pour notre Groupe. Les activités principales de ces filiales

sont: le commerce des métaux non ferreux, minerais, concentrés, résidus, déchets métalliques

et autres matières premières; la mise en marché et la fabrication de l'acier; la propriété et la gestion

de placements, et le financement, particulièrement d'entreprises minières et métallurgiques; la fabri-

cation, le commerce général et l'exploitation minière. Outre ses placements considérables et sa

grande activité au Royaume-Uni, ses filiales se retrouvent, soit directement ou indirectement,

dans la plupart des pays du monde occidental. Trois positions minoritaires mais importantes sont

détenues dans Norddeutsche Affinerie A.G. (20%), la grande fonderie de cuivre en Allemagne,

C. Tennant, Sons & Co. de New York (46%), commerçants de métaux bien connus dans le

monde, et Aluminium Bahrain (18%), société fondée pour ériger et exploiter à partir de 1971

une fonderie d'aluminium à Bahrain en association avec le gouvernement de Bahrain, Elektrokoppar

de Suède et General Cable en Amérique. Le Groupe CTS et le Groupe AMC sont sous plusieurs

rapports complémentaires et tous les intérêts devraient en retirer des bénéfices substantiels.

8) La situation financière de votre Société n'a jamais été meilleure. Ceci est particulièrement

réconfortant dans ces temps de difficultés financières internationales.

9) Nous recherchons constamment de nouvelles occasions d'augmenter et d'étendre nos activités. Un objectif primordial est de développer les

affaires de votre Société sur une base vraiment internationale.

10) Les intérêts de votre Société sont, dans une grande mesure, dans les richesses naturelles et les

activités connexes dont l'expansion est appelée à se poursuivre.

résultats devraient être satisfaisants. Les projets entrepris sont pleins de promesse pour l'avenir. Notre politique est de rechercher l'expansion là où elle est justifiée." Je tiens à souligner les points suivants:

1) Bien que l'augmentation du revenu net du premier trimestre sur la période correspondante de 1968 soit importante, il serait faux d'assumer que ce rythme d'augmentation se maintiendra pendant le reste de 1969. Il est clair toutefois que 1969 sera une autre année satisfaisante.

2) Les perspectives de Copper Rand Mines sont extrêmement favorables; la durée minimum probable est de 15 années en raison de l'augmentation constante des réserves de minerai. D'autres améliorations seront apportées aux opérations d'extraction et de traitement.

3) Notre vaste programme d'exploration minière sera poursuivi et nous espérons que les excellents résultats connus par le passé se reproduiront.

4) Nous avons confiance en la rentabilité de Rio Tinto Patiño, S.A., et en l'avenir économique de l'Espagne.

5) Nous sommes très optimistes quant à nos possibilités en Nouvelle-Calédonie. Cependant, certaines autorisations doivent être obtenues du Gouvernement français avant de commencer l'extraction et le traitement du minerai. En attendant l'obtention de ces autorisations, votre Société continuera son programme d'exploration et ses études techniques. Notre point de vue est qu'en considérant notre capacité de financer l'ensemble du projet, notre volonté de répondre aux exigences établies par le Gouvernement de la France et les résultats bénéfiques qui en résultent pour la Nouvelle-Calédonie, les négociations aboutiront à une conclusion satisfaisante. Comme je le disais il y a un an: "Je suis convaincu qu'avec patience, détermination et persévérance nous arriverons à des arrangements satisfaisants et rémunérateurs en Nouvelle-Calédonie."

6) Le bénéfice de CDRH Limited a augmenté d'une façon soutenue et l'amélioration est appelée à se poursuivre. Il y a tout lieu de croire que ce qui a été fait dans le passé peut être continué. Les ingrédients essentiels existent, à savoir: une base adéquate, la rentabilité, la diversification et l'accès au financement et à la gestion.

7) Le Groupe Consolidated Tin Smelters devrait continuer à donner de meilleurs résultats, par

L'augmentation de bénéfice avant les postes extraordinaires est attribuable principalement : (a) au rendement de Copper Rand Mines où la production du cuivre a augmenté de 40%, par suite de la meilleure tenue du minerai et des améliorations constantes de l'efficacité de l'extraction et du traitement. Il en est résulté, avec les prix plus élevés des métaux, une augmentation de 48% des revenus de vente qui ont passé à \$4,629,000 (\$3,127,000). Les prix de règlement ont augmenté par suite de la plus grande fermeté des prix du cuivre et une nouvelle formule d'établissement des prix. Jusqu'en février de cette année, la production de cuivre de votre Société a été vendue par l'intermédiaire du syndicat de cuivre Noranda, de 40% sur la Bourse des Métaux de Londres et le reste en Amérique du Nord. Cette proportion a été changée pour permettre à chaque producteur de choisir la manière dont sa production de cuivre serait vendue, sous réserve de la demande du gouvernement du Canada qu'un minimum de 20% de production de chaque producteur soit vendu à des fabricants canadiens. Votre Société a choisi de vendre, jusqu'en septembre 1969, le reste (80%) de sa production sur la Bourse des Métaux de Londres. Le prix à la Bourse des Métaux de Londres est actuellement de 70¢ la livre et le prix au Canada, de 48.5¢. Nous croyons que l'écart se continuera au cours des mois à venir; (b) un dividende net de \$479,000 a été reçu de Consolidated Tin Smelters Limited qui paiera des dividendes au cours du premier et troisième trimestre de 1969 aux taux de 81/80% et 71/20% en comparaison des taux de 100% et 50% des dividendes payés au cours du troisième et quatrième trimestre de 1968.

D'autres comparaisons financières, avec les chiffres au 31 mars 1968, sont intéressantes. Au 31 mars 1969, le fonds de roulement de votre Société était de \$7,254,000 (\$1,774,000), l'actif net (tenant compte des placements dans Copper Rand Mines, Rio Tinto Patiño, S.A. et en Nouvelle-Calédonie, au coût) s'établissait à \$59,620,000 (\$50,544,000) et la plus-value non réalisée sur les titres de placement cotés s'élevait \$22,261,000 (\$14,419,000).

Perspectives pour 1969 et les années à venir

Le rapport annuel se termine par cette affirmation: "Nous avons pleine confiance dans l'avenir de votre Société. Cette année a bien commencé et les

nouvelle fonderie d'étain et aux usines de métaux secondaires qui seront bientôt mises en service à Kirkby, près de Liverpool au Royaume-Uni, a progressé d'une façon satisfaisante. Le placement dans Amalgamated Metal Corporation Limited — un important courtier en métaux, de minerais et autres matières premières — de laquelle je repellerai plus loin, a été augmenté. L'administration du Groupe CTS est en voie de réorganisation ce qui permettra une direction plus efficace. Outre les nombreux avantages que votre Société tirera de son intérêt à 68% dans les actions de Consolidated Tin Smelters Limited, il ne faut pas oublier que le placement de votre Société au 31 décembre 1968, coût de \$15,124,000 et dont la valeur cotée sur le marché à cette date était de \$23,794,000, avait une valeur de \$45,640,000 si les valeurs cotées sur le marché étaient substituées aux valeurs comptables.

7) la politique de votre Société est de regrouper ses intérêts le plus avantageusement possible. Le placement dans The Southern Maryland Agricultural Association de Prince Georges County, Maryland, Inc. (SMAA) a été vendu à CDRH Limited avec un gain substantiel et comme suite d'un financement adopté par CDRH Limited, laquelle a acquis 51% de la SMAA, votre Société a augmenté à 38% sa participation dans CDRH Limited. Celle-ci a fait un progrès marqué au cours des deux dernières années et a établi une base de bénéfices solide, une situation financière saine et une équipe administrative compétente. Ses résultats courants sont des plus satisfaisants.

Le premier trimestre de 1969

Le bénéfice avant les postes extraordinaires s'est élevé à \$2,013,000 (\$506,000) et, réparti sur les 4,341,000 actions en circulation de 46¢ (12¢) par action. Les investissements en Advocate Mines Limited ont été cédés avec un gain de \$1,436,000 (\$95,000). Par conséquence, le bénéfice s'est élevé à \$3,449,000 (\$601,000) soit 79¢ (14¢) par action. (Ce changement dans le rapport résulte de la décision de votre Société d'accepter la recommandation faite par l'Institut Canadien des Comptables Agréés en décembre 1968, que des postes extraordinaires, comme les gains ou les pertes provenant de la vente de titres de placement non acquis pour la revente, devraient être rapportés à un poste séparé dans l'état des bénéfices).

minerai de fer. En association avec Terra Nova Explorations Ltd, votre Société y a jalonné des concessions. Au Mexique, Lytton Minerals Limited (détenue à 39% par votre Société) continue ses travaux d'exploration du gisement cuprifère de La Verde par des forages en surface et par des travaux souterrains. Deux zones de faible minéralisation cuprifère sont actuellement explorées et bien que quelques bons résultats soient obtenus, des travaux d'exploration considérables restent à effectuer avant de pouvoir déterminer le potentiel minier de la propriété.

4) en Espagne, la construction d'une fonderie pour le cuivre de RTP et d'autres producteurs, une raffinerie électrolytique et une usine d'acide sulfurique à Huelva devrait être achevée en juillet 1970; l'usine de concentration de cuivre de Cerro Colorado et les installations de lixiviation au cyanure des minerais d'or et d'argent à Rio Tinto devraient être en marche cinq ou six mois plus tard. Le coût à Rio Tinto Patiño, S.A. des projets combinés est estimé à \$75,000,000 E.-U. et votre Société, pour sa participation à 40%, a fait un placement de \$3,000,000 E.-U., en capital-actions et garanti certains prêts bancaires et d'autres crédits; elle participera également à d'autres prêts pour un montant à déterminer.

5) en Nouvelle-Calédonie, l'exploration de propriétés sous option s'est amplifiée avec des résultats très satisfaisants. Les réserves prouvées et probables dépassent maintenant 100,000,000 de tonnes. Des travaux détaillés considérables ont été achevés au gisement de Poum et des études métallurgiques et de rentabilité sont actuellement en cours (ces travaux et études sont décrits dans le rapport annuel) en prévision de l'exploitation éventuelle des réserves de nickel-cobalt à cet endroit, qui contiennent 50,000,000 de tonnes de minerai prouvé d'une teneur de 2% en nickel plus du cobalt. A cause de l'emplacement favorable, de la compacité et l'épaisseur du dépôt, de la petite quantité de terrains stériles à enlever et de la haute teneur du minerai, le dépôt de Poum devrait permettre la production de nickel et de ferromnickel à faible coût.

6) Consolidated Tin Smelters Limited a connu des résultats d'exploitation supérieurs aux

prévisions. Le Groupe, qui a conservé sa place de premier producteur d'étain raffiné, a traité avec sa filiale d'Australie, 41% de la production d'étain du monde libre. La première phase des travaux à la

Le conseil d'administration vous souhaite la bienvenue à cette assemblée annuelle. L'intérêt et l'appui des actionnaires sont des éléments essentiels à la vie d'une société et sont hautement appréciés par la direction.

Je passerai en revue l'exploitation de 1968, les résultats du premier trimestre de 1969 et les perspectives pour le reste de l'année et les années à venir. Je terminerai par des observations sur ce contre quoi nous devons nous prémunir et ce que nous devons faire au Canada aujourd'hui pour assurer l'expansion future de notre pays et sa prospérité soutenue.

Revue de 1968

Nous pouvons regarder 1968 comme une autre année progressive et satisfaisante où votre Société a prospéré et a fortifié sa base. Les résultats les plus marquants sont les suivants :

1) l'amélioration des résultats financiers — bénéfice sans précédent de \$3,039,000 (\$2,523,000 — 70¢ (58¢) par action; gain réalisée sur la vente de placements, \$3,753,000 (\$2,110,000) ou 86¢ (49¢) par action; cash flow de \$9,405,000 (\$7,088,000) — \$2.17 (\$1.63) par action; fonds de roulement de \$4,238,000 (\$2,706,000); actif net \$56,171,000 (\$49,942,000); plus-value non réalisée sur les titres de placement cotés, \$20,100,000 (\$20,569,000); aucun passif à long terme et un dividende de 30¢ par action.

2) à Copper Rand Mines les réserves de minerais ont augmenté et d'importantes nouvelles sources de minerais ont été mises à jour; leur importance sera déterminée au cours des travaux qui sont exécutés actuellement. Un minimum de quinze années d'exploitation est désormais possible. La production des métaux et les bénéfices nets ont augmenté de 14% et 29% respectivement par suite d'une cadence journalière de production supérieure, de meilleurs résultats métallurgiques, de la productivité accrue des mines et des frais d'exploitation moindres. La moyenne du prix du cuivre pour 1968 fut environ la même qu'en 1967, soit 49.3¢ la livre.

3) la recherche de nouveaux gisements miniers s'est poursuivie sans relâche — une somme de \$2,179,000 a été consacrée à l'exploration au Canada, en Nouvelle-Calédonie, en Espagne et au Mexique. Sur l'île de Baffin, une anomalie magnétique d'une grande intensité a été détectée par avion et elle indiquerait un dépôt considérable de

The Patiño Mining Corporation
Assemblée Annuelle des Actionnaires
Montréal — le 28 avril 1969
allocution prononcée par
E. R. E. Carter
Président Directeur Général

AR13

The Patiño Mining Corporation

Interim Report

**12 Months, Ended December 31,
1969**

**Rapport intérimaire
12 mois, se terminant
le 31 décembre 1969**

fil



The Patiño Mining Corporation

(No Personal Liability)

The Patiño Mining Corporation

(sans responsabilité personnelle)

Highlights**For The Year**

	1969 ('000's)	1968 ('000's)
Revenue	\$ 23,064	\$ 15,799
Income before extraordinary items*	8,496	3,039
— per share	\$ 1.96	70¢
Gain on disposal of investments	1,527	3,753
— per share	35¢	86¢
Net income	\$ 10,023	\$ 6,792
— per share	\$ 2.31	\$ 1.56

* After deducting amortization, depreciation and exploration writeoffs of \$2,706,000 in 1969 and \$2,613,000 in 1968.

At The Year End

Working capital	\$ 7,268	\$ 4,238
Shareholders' equity		
— at book value	64,705	56,171
— unrealized appreciation on quoted investments	16,637	20,100
	<u>\$ 81,342*</u>	<u>\$ 76,271*</u>

* Includes, at cost, the investment in Copper Rand Mines, Rio Tinto Patiño, S.A. and New Caledonia.

Production at Copper Rand

	1969	1968
Copper (pounds)	28,939,000	26,681,000
Gold (ounces)	27,000	19,000
Silver (ounces)	102,000	94,000
Ore milled (tons)	732,000	708,000

The earnings of CDRH Limited are not consolidated and those of Consolidated Tin Smelters Limited are included to the extent of dividends received.

The Annual Report will be mailed on April 10th and the Annual Meeting will be held in Montreal on April 30th, 1970.

**Points saillants
de l'exercice**

Revenu	
Revenu avant les postes extraordinaires*	
— l'action	
Gain réalisé sur la vente de placements	
— l'action	
Bénéfices nets	
— l'action	

* Déduction faite de l'amortissement, la dépréciation et l'amortissement du compte de l'exploration s'élevant à \$2,706,000 en 1969 et à \$2,613,000 en 1968.

A la fin de l'exercice

Fonds de roulement	
Avoir des actionnaires	
— valeur comptable	
— plus-value non réalisée sur les placements cotés	

* Ces chiffres comprennent au prix coûtant les placements dans Copper Rand Mines, Rio Tinto Patiño, S.A. et en Nouvelle-Calédonie.

Production à Copper Rand

Cuivre (livres)	
Or (onces)	
Argent (onces)	
Minéral traité (tonnes)	

Les bénéfices de la Société ne comprennent pas ceux de CDRH Limited. Quant à Consolidated Tin Smelters Limited, seuls les dividendes touchés de cette dernière sont inclus.

Le rapport annuel sera mis à la poste le 10 avril et l'assemblée annuelle se tiendra à Montréal le 30 avril 1970.

SRZ Carter

February 6, 1970

President and Chief Executive Officer

Président et directeur général

le 6 février 1970